

PRIVATE SECTOR DEVELOPMENT CONTRACT

Land Management Program Development Strategies for the Western Tirana Zone Action Plan

Prepared by the Land Management Task Force
Ministry of Construction and Tourism
National Planning Institute
District of Tirana
Municipality of Tirana

Technical Assistance Provided by USAID/RHUDO
Contract No. EUR-0034-C-00-2032-00, RFS 54

Consultants
PADCO, Inc.
GHK International
Harvard University, GSD, Unit for Housing and Urbanization

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2 Background

2.2 Introduction

The population of the Greater Tirana Area has been growing at the alarming rate of 7 per-cent per annum since 1990. The built environment of Tirana now occupies 2,400 hectares as compared to 1,600 hectares in 1990. The vast majority of this development has been constructed by the informal sector, and in 1994 the estimated number of informal dwellings was 4,500.¹ Most of this growth has occurred to the west and north of the city and has expanded over the municipal boundaries. These newly urbanized areas, lacking basic infrastructure, are generally being constructed without any permits and in most cases without any title to the land. The government agencies responsible for the provision of basic infrastructure have not been prepared to respond to this sudden growth. If this demand for serviced land is not met by the private and public sectors, the informal settlements in the Greater Tirana Area will continue to grow; this growth will have dire environmental and health repercussions.

Due to this demand for serviced land, the Ministry of Construction and Tourism (MoCT), the National Planning Institute, the District of Tirana, and the Municipality of Tirana have been working together on formulating strategies for meeting the demand for serviced land. A Land Management Task Force (LMTF) has been established to formulate these strategies with technical assistance from the United States Agency for International Development (USAID). The LMTF has formulated the concept of a Zone Action Plan (ZAP) that is geared toward making strategic public investment to guide private land development in an incremental approach. The ZAP identifies key areas of opportunity and constraints for the zone and identifies means, which are specifically designed for the zone, of leveraging private resources for investment in residential, commercial, and industrial development.

The LMTF has identified the Western Tirana Zone as a priority development zone. Totalling some 1,030 hectares, this zone includes priority development areas that can be used to meet the demand for serviced land for residential, commercial, and light manufacturing. The area with the most potential for these purposes is between the Durrës and Kavaja Roads. The area is in close proximity to the existing urban area, approximately 3 kilometers from the city center, and has several light industries within the zone or near it. Due in part to the attractiveness of this location, 830 informal dwellings have been constructed according to aerial photography taken in July of 1994. A small eastern section of the zone is within the municipality. Most of the Western Tirana Zone is located within the District of Tirana and is just outside of the "yellow line," the municipal boundary for the City of Tirana.

It is estimated that some 57,000 people can eventually be located within a 70-hectare priority area, including some 16,000 in a pilot site development currently being planned along the Kavaja road. The development strategy assumes a public/private sector approach to development and the use of major off-site infrastructure investments to stimulate and guide private sector investments. Coordination will be required among two jurisdictions and various infrastructure agencies.

Based on aerial photography taken in July of 1994.

These projects are significant because they would demonstrate the introduction of land use and cost-recovery precedents early in the urban development process before environmentally harmful and fiscally unsustainable practices become politically entrenched.

A Preliminary Structure Plan for Greater Tirana has been prepared by the LMTF. The Structure Plan provides the contextual framework for the development of all the zones in Tirana. The ZAP process will further elaborate on the alignment and positioning of major infrastructure land uses. A Concept Plan has also been prepared for Western Tirana to locate the development of the pilot site along the Kavaja Road.

It is critical for the development of this zone to establish a planning framework to guide urban development to achieve short-term objectives, such as the immediate demand for land, as well as long-term objectives, such as protecting environmentally sensitive areas. An important aspect of this strategy is creating an environment that encourages private investment and takes advantage of valorization of the land to recover the cost of public infrastructure investments.

2.4 Zone Action Plan Defined

In Tirana, urban development patterns and growth opportunities can be strongly influenced by two factors: the mobility that accompanies a market economy and the structure that can be introduced to guide this development through the provision of infrastructure and more dynamic planning strategies. The use of a land management strategy that carefully selects strategic public intervention is crucial to mobilizing and leveraging the private sector resources that are available for land development and housing.

ZAPs can assist public officials in identifying objectives for the development of the zone and can create an enabling environment for private sector participation in the provision of housing and economic development activities. The ZAP identifies the catalysts, such as infrastructure investments and other investment opportunities, and prioritizes these investment opportunities into capital improvement programs. The ZAP also identifies areas that are environmentally and historically significant and worth protecting from new urban development.

2.6 Objectives

The objective of the ZAP is to provide the framework for the development and to assist the government in optimizing land usage. The objectives for zone development are as follows:

- to identify land uses that maximize long-term benefits;
- to identify and prioritize off-site infrastructure investment program that can encourage land development by the private sector;
- to identify strategies for addressing the growth of informal settlements;
- to identify areas for potential economic development within the zone and formulate development concepts for these areas;
- to identify environmentally sensitive areas within the zone that need protection; and
- to identify areas of social and cultural importance that should be considered in the development of the urban area.

4 Geography of the Zone

The Western Tirana Zone is approximately 1,030 hectares and is basically a wedge between the Durres Road, located to the north, and the Kavaja Road, located to the south. The old Tirana airport is located at the east end of the zone and the Village of Yzberishi is located almost in the center of the zone (see map on following page).

The LMTF has identified this zone as a priority development area. The zone is characterized by ideal typography, close location to major infrastructure, and close proximity to employment centers, which will accelerate its development in the immediate future. Thus, the ZAP would be addressing development that would occur during in the next 15 years.

6 Institutional Assessment

Since the zone is located within both the jurisdiction of the municipal and district governments, an institutional arrangement that will address the development needs of the area is required. Other reports prepared during Phase I of the Land Management Program discuss the development needs of the institutions involved in urban development.²

8 Description of the Zone

8.2 Economic Assessment of the Zone

The economic base of the zone has centered around two types of activities: agriculture and manufacturing. The soil conditions of the zone have made the area ideal for agricultural production and, currently, the vast majority of the land is being used for agricultural purposes and generally for production of crops.

Industries and the associated railroad spur have been located along the Kavaja road and, with the development of commercial activities along the Durres Road and the informal residential development in the area, the economic activities of the area are likely to change significantly within the next 10 years. There are more than 800 informal structures within this zone with a large concentration of buildings located near the Lana River and near the Kavaja and Durres Roads.³ Further up the Durres Road, there are several industries that are being constructed by foreign investors. Industries already within the zone include a textile factory and a food processing facility.

The combination of the demand for residential land, the industrial activities, and the location of this zone (approximately 3 km from the city center) makes the area a prime target for impending urbanization whether implemented by the informal or formal sectors of the economy. The zone provides good potential for industries, especially small enterprises and commercial enterprises to serve local and city-wide markets.

Refer to the "Legal, Financial, and Institutional Assessment" report and "Infrastructure Needs Assessment" report.

The number of informal houses was counted using aerial photography taken in July of 1994.

8.4 Land Tenure

Land ownership within this zone is mixed, with the District of Tirana holding the title for some of the land and private owners holding the title to a smaller portion of land. Most of the agricultural land is leased by the residents of Yzberishi.

8.6 Infrastructure Development and Access

8.6.2 Water

Connection to the existing water supply system is possible and affordable. The extension of the water supply west of the Village of Yzberishi will require a large investment, but would be a practical undertaking for urbanizing the land to the west of the zone. The capacity of the reservoir southwest of Yzberishi may have to be expanded to handle the demand generated by the new residents in this zone.

8.6.4 Sewerage

One of the attractive aspects of development in this zone is that the proposed trunk sewer for Tirana would pass through this area. The sewer is planned to be aligned with the Lana River, which flows through the northern portion of the zone. Secondary lines could tie into this main sewer collector.

The pilot site proposes that an off-site sewer be built between Yzberishi and the Lana River to handle the sewage needs of the approximately 4,000 households in the pilot site and the residents of Yzberishi. This proposed sewer trunk would cost approximately US\$250,000.

8.6.6 Roads and Transportation

Many of the roads within the zone are in poor condition and will require rehabilitation and upgrading. Collector and access roads will need to be constructed in this zone. Some of the roads from the zone to the city center will require rehabilitation due, in part, to the increased traffic flows.

Bus service is presently being provided along the Kavaja and Durres Roads by the Municipality of Tirana. As this area is developed, bus routes will have to be expanded to cover the zone. It is important to note that public bus service is designed to provide service within the municipality. Although public service could be extended to this area, consideration should also be given to privatizing the bus service.

8.6.8 Electricity

Electricity would be provided by the Selita substation located south of the site and, possibly, the substation south of the Tirana train station.

8.8 Public Facilities

Although the zone is close to several public facilities, including schools, hospitals, and fire stations, additional public facilities will be needed for this zone. It is recommended that a set of formulas be established for the amount of land that will be reserved for public uses, such as schools, recreational facilities, and public open space. The calculation for the amount of land

that will be reserved for public purposes is based on the number of residential units that the area has been zoned for by the planners.

Several proposed residential developments along the Durres Road have included schools and recreational facilities within their development proposals.

10 Environmental Concerns

There is an aquifer underneath the zone that presents a possible challenge in regard to the development within the zone.

Most areas in Western Tirana have sufficient soil depths to protect the aquifer from contamination from wastewater pollution. However, in areas east of Yzberishi, the soil conditions may not be adequate for protection of the ground water. An assessment of the percolation of the soils is recommended if on-site sanitation is used in the zone. It is recommended, therefore, that water obtained from the aquifer should be accessed using deep- bore wells.

In the area of the site located east of the food processing facility, there exists the possibility of increased structural damage during an earthquake, compared to other areas of Tirana due to the ground water underneath and the loose soils. The area located along the Kavaja Road, between the food processing facility and the textile industry, is particularly prone to earthquakes. Consequently, buildings that are constructed here should comply with adequate earthquake specifications.

Due to the industries in the area, the air quality is likely to be poor in the zone. An assessment of the local air pollution is recommended.

12 Concept for Proposed Zone Development

The LMTF has prepared a concept plan for the Western Zone of Tirana. The plan will optimize land usage and capitalize on the proposed infrastructure for the area. The concepts for development of the zone include the following:

- **Targeting public sector investment in infrastructure:** the use of public investment in off-site infrastructure, especially trunk infrastructure.
- **Taking advantage of valorization associated with serviced land.** As off-site infrastructure is constructed, land values increase and the government can recoup this investment by selling the land at a higher price than unserviced land.
- **Private sector resources.** The proposed approach is to leverage private sector resources for the construction of on-site infrastructure, as well as within the interior of the blocks and of the buildings.
- **Flexibility to allow responsiveness to the market.** Development guidelines will be established to encourage local developers and builders who possess a range of construction management and capital resources.
- **Coordination.** Given the cross-jurisdictional issues, a joint team will need to coordinate the planning and implementation of major infrastructure and land development initiatives.

- **Formulation of strategy for the informal settlements.** A strategy will have to be developed to effectively incorporate (regulate) the informal settlement on the site, while establishing an effective means of controlling informal housing growth.
- **Cost-recovery approach incorporating the mechanisms of cross-subsidization to develop affordable housing options.** The selling price of the land within the development needs to cover the cost of the immediate on-site and access infrastructure, as well as portions of the off-site infrastructure. The cost of providing this infrastructure is estimated at approximately \$10 per square meter.

14 Structural Components of the Plan

14.2 The Block Development Approach

The physical development could take various structural forms, but it is recommended that the development take the form of a layout of city blocks that can be subdivided into smaller parcels for apartment buildings, townhouses, duplex apartments, or single-family detached dwellings. Private developers could purchase parcels of 1,000 sq. meters, 5,000 sq. meters, 10,000 sq. meters, or 20,000 sq. meters. Developers that purchase a large site, such as one hectare, might construct their own access road through the site or might choose to construct a cul-de-sac.

An important consideration is that throughout the area there is a gradual northwest slope; therefore, to reduce stormwater drainage and sewerage cost, it is recommended that the streets line up at an approximately 45° angle to the slope.⁴

Some of the schools and sports fields for the schools could be located near the green areas along the Lana River, since this could reduce the development cost of the site.

14.4 Residential Development

Based on calculations of the rough area of the zone, approximately 172,000 people or 38,000 households can be accommodated in the Western Tirana Zone.⁵ The area east of the railroad spur, which leads to the textile factory, is proposed as the first area to be developed. This area is approximately 340 hectares and would accommodate 57,000 people or 13,000 households. The Concept Plan for this area illustrates the location of this eastern area of the zone.

If streets are perpendicular to the slope, excavation cost for sewers are higher because the drains have to be dug deeper to ensure a slope in the sewerage system.

The calculation of the population for the zone is based on the National Planning Institute's standard of 1 person per gross area of 60 sq. meters. In addition, household size calculations were based on an average household size of 4.5 persons.

14.4.2 Informal Settlements

As of July 1994, approximately 830 informal residential buildings are located in the zone. Strategies need to be identified for these developments. These settlements are likely to continue to grow unless measures are taken to control building in the Western Tirana Zone. The continued growth of informal dwellings is likely to threaten the feasibility of controlling the cost of developing the zone in an orderly manner. With the news of development of this zone, there is a good possibility that the informal settlements will continue to grow, with the new residents hoping to be incorporated in the zone development. Control of new informal dwellings should include clear sanctions for those building in the zone. It is also recommended that the boundaries of the site be fenced or at least marked. Community participation and management will be important in protecting the site and in facilitating an effective strategy of regularization (i.e., providing title and infrastructure) to the informal settlement or relocating them to another site. Ideally, the local community on the site should become involved in the policing of the site to deter new informal developments.

Community participation and management is important for gaining the trust and cooperation of the informal residents. This participation will facilitate effective designing and implementation of the project.

Providing services (roads, water, sewerage, etc.) would be costly within the current low-density, unplanned informal settlements. There are two basic options that are available for developing the site:

- relocating the residents to a site within the zone or a nearby site; or
- providing services to the residents' informal settlement by deferring the cost of the development through the sale of infill parcels (i.e., vacant parcels around the existing structures); this approach would involve some relocation.

The relocation option for the informal settlement could be feasible as long as the relocation site was not far from where residents are living and is generally satisfactory to them. Economic and social consequences must be evaluated to assess the feasibility of relocating residents into more consolidated areas.

The second approach is the regularization of the informal settlement by allowing most of the residents to keep the position of their buildings. New infill parcels would be sold within the informal settlement to increase development density and reduce the cost of constructing and maintaining the needed infrastructure. Cooperation should be reached between the residents of the informal settlements about parcel sizes. Residents of the informal settlement should be given the option of purchasing the existing area that they occupy.

14.4.4 Commercial and Light Industrial Development

Commercial and light industrial development, especially among small businesses, should be encouraged. Historically, commercial and light industrial development opportunities have been limited for these entrepreneurs. It is not until recently, with the introduction of an open market

economy, that Albania has experienced rapid growth in mainly the service sector of the economy.

16 Implementation Activities

Since a portion of the Western Tirana Zone is located within the municipality of Tirana, development will require the cooperation of both the Municipality and the District. There are a number of government institutions that will be involved in the design and construction of infrastructure for the zone. In addition, the development of the zone will rely heavily on the participation of the private sector; therefore, steps need to be taken to ensure an integrated development process.

There is a need for the establishment of an implementing body that will be able to effectively manage the coordination of issues that involve various government agencies, local authorities, and private developers.

18 Investments in Infrastructure to Guide Private Sector Development

18.2 Integration with the Greater Tirana Area

An important component of the ZAP is the integration of development issues at the fringe of the zone with those of the Greater Tirana area. The edges of each of the zones need to blend together harmoniously.

18.4 Commercial and Industrial Development

There are several closed, large manufacturing industrial facilities located in the zone and along the edges. A good percentage of these industries will not reopen, since private investors will most likely choose new sites for industrial facilities, rather than choosing facilities with outdated machinery.

As mentioned in the Preliminary Structure Plan for Greater Tirana, these existing facilities could be rehabilitated for other purposes in the future: residential or small enterprise uses, such as automobile repair garages or electric repair facilities.

Presently, commercial development is occurring along the Durrës and Kavaja Roads and along the road near Yzberishi. These commercial activities should be encouraged, and additional commercial activities should be created in the Western Tirana Zone. With the introduction of an open market economy in Albania, there is a demand for commercial space. An important component of the development strategy for the economic development of the Western Tirana Zone is facilitating the commercial development within the zone.

From a very simple physical perspective, there are two types of commercial development that would occur in this zone: development along the corridors and development at nodal points.

18.4.2 Commercial Corridors

An important component of the strategy for the Western Zone is the promotion of commercial development along transportation corridors. Land that is located along high-volume traffic routes possesses a strong commercial potential.

18.4.4 Commercial Nodes

In addition to commercial corridors, the public and private sectors need to work together in creating commercial development opportunities in nodes within the zone.

One of the most attractive nodes would be near the proposed transportation center across from the railway spur from Yzberishi. This center will consist of an inter-city bus terminal or train station that could attract commercial activity. A public/private partnership could be used, where the public sector provides the catalyst for development by building the terminal building and leasing kiosk space for small enterprises. This activity can leverage capital for other commercial superstructures from larger, private sector developers.

18.4.6 Encouraging Small Enterprise Development

One of the land requirements not currently met by the Master Plan of the City of Tirana is the need for land for small enterprises that have rapidly developed over the last five years. A number of small enterprises have not had adequate formal and affordable areas for establishment in Tirana. Consequently, many of the commercial enterprises have been built on the edges of the Lana River, within parks, and within the setback area between the buildings and the road.

Areas need to be established for small, light industries and commercial enterprises. Some of the demand for these areas can be met by private developers, but the government should play a facilitative role in the development of these areas. This role should proceed along a number of paths. First, the government should sell or lease small parcels (70-200 sq. meters) in areas zoned for commercial and industrial use. These areas could be located near key transportation areas, such as bus terminals, train stations, bus stops, and along major traffic corridors. Second, the government, with a private sector developer, can assist in the rehabilitation of existing buildings, such as the old industries to the north of Tirana's city center and some of the older office buildings along the central boulevard.

For example, the government can enter into an agreement with a private developer to sell a factory facility at a reduced or nominal price. The developer rehabilitates the space (sells the existing equipment and installs partitions) and then leases the spaces to individual tenants and small enterprises. The government and the private developer would have to have a contract stating that the developer would lease space to small enterprises.

18.6 Multi-Mode Transportation Center

As Western Tirana and the rest of Greater Tirana grow, there will be a need to develop several multi-modal transportation centers around the city. Such centers could include bus stops, taxi parking facilities, minibus terminals for the suburbs of the zone, and, if appropriate, an inter-city bus terminal and train station. Due to the population potential of this zone, one of these centers

could be located along the railroad spur. This transportation center(s) would augment the train station and bus terminal closer to the city center, at the end of Deshmoret e Kombit.

18.8 Investment Component — North-South Road from the Kavaja Road and the Village of Yzberishi

As part of the development of the 70-hectare pilot site located along the Kavaja Road, a major collector road is proposed (see maps on the following pages).

18.10 Investment Component — Ring Road Linking the Durres Road to the Kavaja Road

Funds have already been committed and construction has begun on the western portion, between the Kavaja and Durres Roads. This road is intended to be the first component of a highway that will encircle Tirana. At the present time, the road is designed as a six-lane divided highway, with overpasses over the Durres and Kavaja Roads (see maps on the following pages).

Since this will be a costly undertaking and financial resources are limited, it is recommended that this road be constructed incrementally. The outer road lanes of the road could be constructed first and additional sections of the road could be added later as the land within the zone is developed.

18.12 Investment Component — East-West Road to Yzberishi

This new corridor would run east to west from the Village of Yzberishi to the inner ring road of Tirana. It would be approximately halfway between the Durres and Kavaja Roads. It is recommended that the road be built in phases and that first section of this road be built to extend from the Village of Yzberishi to intersect with the proposed ring road (see maps on the following pages).

With the proposed new development and the possibility of a train station in Western Tirana, the corridor created by this new road has the potential of being very attractive for commercial development.

18.14 Investment Component — Road along the Railroad Spur

One of the important investments in the Western Tirana Zone is the development of a road near the railway spur for the textile factory. The proposed road would wrap around the hills and serve as an important by-pass for traffic (see maps on the preceding pages).

18.16 Reclaiming and Reusing the Land around the Airport

The area around the airport has the potential for a variety of developments, but is quickly being taken over by informal housing. There is some interest in keeping the airport open and using it for private small aircraft. It is also envisioned that the airport could be used by the hospital for emergency cases being flown in from other parts of the country. However, there has also been the recommendation that the airport be closed and that the area be developed for commercial use, such as an international trade center.

Both of these components would require that the informal developments near and on the airport's land be relocated in other areas. But, since the development on the airport land was approximately 830 houses in July of 1994, this might be a difficult undertaking.

18.18 Investment Component — Land Development

In addition to the major off-site infrastructure, there is on-site and secondary off-site infrastructure that will need to be constructed. Estimates for the pilot site place the construction cost at US\$10.00 per square meter.

20 Action Plan for the Preparation of the Western Tirana ZAP

A draft action plan has been prepared for the Western Tirana ZAP and is presented in the following pages.